

INTERIM FINANCIAL REPORT AS AT SEPTEMBER 30, 2019

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
MILANO MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE N. 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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BOARD OF DIRECTORS' REPORT ON OPERATIONS AS AT SEPTEMBER 30, 2019

In the first nine months of 2019, the world car market reported a decline in production of 5.9% compared to the same period of 2018: -4.3% in Europe, -2.2% in North America, -11.6% in Asia and -3.3% in South America. In the third quarter, the decline was more contained (-3.2%), with Europe stagnating and the other main markets declining.

Sogefi reported **revenues** of Euro 1,149.0 million, down by 2.2% at constant exchange rates and by 3.2% at historical exchange rates compared to the same period of 2018, holding up better than the market, thanks to business in Europe.

By geographical area, as indicated in the table below, revenues at constant exchange rates were down by 1.6% in Europe, by 4.2% in North America and by 13.0% in Asia, while in South America they posted a rise of +8.6%.

(in millions of Euro)	9M 2018	9M2019	reported change	constant exchange rate	reference market production	weight based on 9M 2019
	Amount	Amount	%	%	%	%
Europe	716.9	705.1	(1.6)	(1.6)	(4.3)	61.4
North America	219.7	220.8	0.5	(4.2)	(2.2)	19.2
South America	135.6	120.7	(11.0)	8.6	(3.3)	10.5
Asia	123.8	109.1	(11.9)	(13.0)	(11.6)	9.5
- of which China	70.5	53.1	(24.7)	(25.3)	(11.5)	4.6
Intercompany eliminations	(8.9)	(6.7)				
Total	1,187.1	1,149.0	(3.2)	(2.2)	(5.9)	100.0

Source: Sogefi e IHS data

By Business Unit, at constant exchange rates, the revenues of Suspensions declined by 4.2% (-7.3% at current exchange rates), those of Air and Cooling were down by 3.5% (-1.6% at current exchange rates) while Filtration reported growth in revenues of 1.1% (+0.1% at current exchange rates).

(in millions of Euro)	9M 2018	9M2019	reported change	constant exchange rate
	Amount	Amount	%	%
Suspensions	456.2	422.9	(7.3)	(4.2)
Filtration	407.5	408.0	0.1	1.1
Air&Cooling	325.5	320.3	(1.6)	(3.5)
Intercompany eliminations	(2.1)	(2.2)		
Total	1,187.1	1,149.0	(3.2)	(2.2)

Source: Sogefi e IHS data

EBITDA¹ came in at Euro 130.7 million versus Euro 141.6 million in the first nine months of 2018; with constant accounting criteria and excluding for the previous year the non-recurring gain of Euro 6.6 million on the closure of quality claims in Systèmes Moteurs S.A.S., profitability (EBITDA/Revenues%) came to 11.4%, compared to 12.0% in the same period of 2018. In the third quarter, profitability (12.0%) recovered compared to the figures for the previous two quarters (10.6% and 11.6% in the first and second quarters respectively) to a higher level than that reported for the third quarter of 2018 (with constant accounting criteria and excluding the above-mentioned non-recurring gain).

EBIT came to Euro 37.4 million versus Euro 56.3 million in the first nine months of 2018. Profitability (EBIT/Revenues %) was 3.3% down from 4.3% in the first nine months of 2018 (with the same accounting criteria and excluding the above-mentioned non-recurring gain). Profitability in the third quarter of 2019 shows an improvement from the third quarter of 2018 (from 3.2% to 3.5%) (with the same accounting criteria and excluding the above-mentioned non-recurring gain).

The operating result held up well in the main markets, Europe and North America, thanks to the actions put in place during the period, while the unfavourable performance of the Chinese market and that of South America, together with the start-up costs of the filter production plant in Morocco had a negative impact.

Income before taxes and minority shareholder interests amounted to Euro 19.8 million (Euro 35.9 million in the first nine months of 2018) after financial expense of Euro 17.6 million versus Euro 20.4 million in the first nine months of 2018.

Net income came in at Euro 8.3 million, down from Euro 20.4 million in the first nine months of 2018, after tax expense of Euro 12.6 million in the first nine months of 2019, versus Euro 16.5 million in the same period of 2018. The higher impact of taxes reflects the composition of the result with some areas showing significant earnings and other areas where losses linked to the start-up of businesses or to ongoing

¹ EBITDA is calculated by adding the item "Depreciation" and the amount of depreciation of tangible and intangible assets included in the item "Other non-operating expenses (income)", equal to Euro 2.1 million in the first nine months of 2019 (Euro 3.9 million in the corresponding period of the previous year).

difficulties in the market led to the decision not to set aside deferred tax assets.

Free Cash Flow in the first nine months of 2019 was a negative Euro 4.3 million compared to an absorption of Euro 22.7 million in the same period of 2018, which included the disbursement for the acquisition of the minority interests in the Indian branch (Euro 16.7 million).

The **net debt** totalled Euro 327.7 million at September 30 2019, including Euro 63.1 million resulting from the application of IFRS 16. Excluding this amount, the net debt at September 30 2019 would be Euro 264.6 million, down from the figure at September 2018 (Euro 286.2 million) and substantially in line with the net debt at December 2018.

The Sogefi Group had 6,663 employees at September 30 2019, compared to 6,967 at December 31 2018. The reduction was due not only to the decline in business but also to the disposal in 2019 of the Fraize plant (127 employees at December 31 2018 and 122 at September 30 2018).

PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT

In the first nine months of 2019, the Air & Cooling business unit obtained **revenues** of Euro 320.3 million, down 1.6% (-3.5% at constant exchange rates), compared to the corresponding period of the previous year; the business recorded growth in Europe, a good performance in North America and a decline in India and China, where a recovery is expected in the fourth quarter thanks to the entry into production of new programs.

EBIT amounted to Euro 17.8 million, substantially in line with the figure for the first nine months of 2018 (Euro 18.5 million) and with an impact on sales of 5.6%. The evolution was significantly positive in Europe, while in Asia it was penalized by the performance of the Chinese market.

The employees of the business unit at September 30 2019 were 1,315, compared to 1,471 at December 31 2018. The figure at the end of September 2019 does not include employees related to the Fraize plant (127 at December 31 2018), whose sale was finalized in April 2019.

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first nine months of 2019, the **revenues** of the Filtration business unit amounted to Euro 408.0 million, at current exchange rates substantially stable compared to the corresponding period

of the previous year and at constant exchange rates up by 1.1%.

EBIT amounted to Euro 14.8 million, compared to Euro 22.9 million in the first nine months of 2018, with an impact on turnover down to 3.6%, compared to 5.6% in the corresponding period of the previous year. The result is affected by the start-up costs of the new factory in Morocco and the South American situation, where the business unit is present with a significant activity.

The business unit had 2,876 employees at September 30 2019 (2,890 at December 31 2018).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first nine months of 2019, the **revenues** of the Suspensions business unit amounted to Euro 422.9 million, down to 7.3% (-4.2% at constant exchange rates), affected by the unfavorable performance of Argentina and China.

EBIT amounted to Euro 7.6 million compared to Euro 12.5 in the first nine months of 2018 with an impact on sales of 1.8%, compared to 2.7% in the corresponding period of the previous year. European activity recorded a growing result and the overall decrease derives from activities in South America and China (where a recovery is also expected in the fourth quarter due to the start of new programs).

The evolution during the year shows a tendential improvement linked to the stabilization or the slight decrease in the price of steels.

The business unit had 2,412 employees at September 30 2019 (2,541 at December 31 2018).

PERFORMANCE OF THE HOLDING COMPANY SOGEFI S.p.A.

In the period under examination the parent company of the Group Sogefi S.p.A. reported a net profit of Euro 45.7 million compared to Euro 23.3 million in the corresponding period of the previous year. The increase was mainly due to the greater flow of dividends distributed by the subsidiaries and lower financial charges.

OUTLOOK FOR OPERATIONS

In the last few months, sector sources have revised down their expectations for world car production in the fourth quarter and are now forecasting a decline of 5.5% (in line with what was reported for the first nine months of the year), compared to their previous forecast of -1%. On the basis of these general prospects, as well as other specific factors, Sogefi expects that sales in the last quarter compared to the previous year will be in line with the evolution of the market and that the EBIT margin will improve slightly in comparison with the fourth quarter of 2018.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2019	12.31.2018 (*)
CURRENT ASSETS		
Cash and cash equivalents	137.0	91.7
Other financial assets	3.7	1.2
<i>Working capital</i>		
Inventories	117.2	115.7
Trade receivables	141.2	141.3
Other receivables	15.9	8.5
Tax receivables	27.9	23.1
Other assets	3.6	2.1
TOTAL WORKING CAPITAL	305.8	290.7
ASSETS HELD FOR SALE	-	13.6
TOTAL CURRENT ASSETS	446.5	397.2
NON-CURRENT ASSETS		
Fixed assets		
Land	13.0	13.3
Property, plant and equipment	372.5	368.5
Right of use	63.1	4.7
Other tangible fixed assets	4.1	4.3
Intangible assets	276.2	279.0
TOTAL FIXED ASSETS	728.9	669.8
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Non-current trade receivables	-	-
Financial receivables	7.9	5.1
Other receivables	36.0	34.3
Deferred tax assets	38.5	36.6
TOTAL OTHER NON-CURRENT ASSETS	82.4	76.0
TOTAL NON-CURRENT ASSETS	811.3	745.8
TOTAL ASSETS	1,257.8	1,143.0

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1^o of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1^o of January 2019, without restating comparative data.

The 2018 amounts relating to financial leases from IAS 17 have been reclassified from "Property, plant and equipment" to "Rights of use", in line with the classification established by the new standard.

LIABILITIES	09.30.2019	12.31.2018 (*)
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	7.9	2.1
Current portion of medium/long-term financial debts and other loans	116.0	57.8
Short-term financial debts for right of use	14.3	1.6
TOTAL SHORT-TERM FINANCIAL DEBTS	138.2	61.5
Other short-term liabilities for derivative financial instruments	0.1	0.8
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	138.3	62.3
Trade and other payables	340.7	345.5
Tax payables	14.4	10.0
Other current liabilities	31.5	38.9
LIABILITIES RELATED TO ASSETS HELD FOR SALE	-	9.4
TOTAL CURRENT LIABILITIES	524.9	466.1
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	144.1	117.8
Other medium/long-term financial debts	139.4	173.5
Medium/long-term financial debts for right of use	54.5	5.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	338.0	296.3
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	338.0	296.3
OTHER LONG-TERM LIABILITIES		
Long-term provisions	74.0	67.2
Other payables	64.9	62.9
Deferred tax liabilities	38.3	36.6
TOTAL OTHER LONG-TERM LIABILITIES	177.2	166.7
TOTAL NON-CURRENT LIABILITIES	515.2	463.0
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	126.4	116.4
Group net result for the period	8.3	14.0
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	197.2	192.9
Non-controlling interests	20.5	21.0
TOTAL SHAREHOLDERS' EQUITY	217.7	213.9
TOTAL LIABILITIES AND EQUITY	1,257.8	1,143.0

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1^o of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1^o of January 2019, without restating comparative data.

The amounts for 2018 relating to financial leases from IAS 17 have been reclassified from the item "Current portion of medium/long-term loans and other loans" to the item "Current financial payables for rights of use" and from the item "Other medium/long-term loans" to the item "Medium/long-term financial payables for rights of use", in line with the classification established by the new standard.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 09.30.2019		01.01 – 09.30.2018 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	1,149.0	100.0	1,187.1	100.0	(38.1)	(3.2)
Variable cost of sales	807.9	70.3	830.4	70.0	(22.5)	(2.7)
CONTRIBUTION MARGIN	341.1	29.7	356.7	30.0	(15.6)	(4.4)
Manufacturing and R&D overheads	108.7	9.5	114.9	9.7	(6.3)	(5.4)
Depreciation and amortization	91.2	7.8	81.4	6.8	9.8	12.0
Distribution and sales fixed expenses	30.6	2.7	30.5	2.6	0.1	0.3
Administrative and general expenses	60.7	5.3	65.2	5.5	(4.5)	(6.9)
Restructuring costs	5.7	0.4	4.2	0.4	1.5	33.1
Losses (gains) on disposal	0.1	-	-	-	0.1	502.7
Exchange losses (gains)	3.2	0.4	4.3	0.3	(1.1)	(24.1)
Other non-operating expenses (income)	3.5	0.3	(0.1)	-	3.6	-
EBIT	37.4	3.3	56.3	4.7	(18.9)	(33.5)
Financial expenses (income), net	17.6	1.6	20.4	1.7	(2.8)	(13.3)
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	19.8	1.7	35.9	3.0	(16.1)	(44.9)
Income taxes	12.6	1.1	16.5	1.4	(3.9)	(24.0)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	7.2	0.6	19.4	1.6	(12.2)	(62.9)
Loss (income) attributable to non-controlling interests	(2.9)	(0.3)	(2.5)	(0.2)	(0.4)	(17.3)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	4.3	0.3	16.9	1.4	(12.6)	(74.8)
Net income (loss) from discontinued operations	4.0	0.4	3.5	0.3	0.5	14.0
GROUP NET RESULT	8.3	0.7	20.4	1.7	(12.1)	(59.4)

(*) It should be noted that the effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", accounted for during period closing at the end of December 2018, was spread over the quarters of the same year.

The values for the 2018 financial year, relating to "Assets held for sale", have been reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Net income (loss) from discontinued operations".

The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2019

(in millions of Euro)	Period 07.01 – 09.30.2019		Period 07.01 – 09.030.2018		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	371.1	100.0	374.5	100.0	(3.4)	(0.9)
Variable cost of sales	258.6	69.7	263.5	70.4	(4.9)	(1.8)
CONTRIBUTION MARGIN	112.5	30.3	111.0	29.6	1.5	1.3
Manufacturing and R&D overheads	34.4	9.3	38.5	10.3	(4.1)	(11.1)
Depreciation and amortization	31.1	8.4	28.1	7.5	3.0	10.6
Distribution and sales fixed expenses	10.1	2.7	9.3	2.5	0.8	8.4
Administrative and general expenses	18.7	5.0	20.3	5.4	(1.6)	(7.7)
Restructuring costs	1.3	0.3	1.5	0.4	(0.2)	(14.9)
Losses (gains) on disposal	-	-	-	-	-	-
Exchange losses (gains)	1.4	0.4	1.3	0.4	0.1	11.3
Other non-operating expenses (income)	2.5	0.7	(6.2)	(1.8)	8.7	140.1
EBIT	13.0	3.5	18.2	4.9	(5.2)	(28.3)
Financial expenses (income), net	6.6	1.8	6.4	1.8	0.2	3.0
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	6.4	1.7	11.8	3.1	(5.4)	(45.4)
Income taxes	4.3	1.2	6.3	1.6	(2.0)	(29.5)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	2.1	0.6	5.5	1.5	(3.4)	(63.1)
Loss (income) attributable to non-controlling interests	(0.7)	(0.2)	(0.4)	(0.1)	(0.3)	(52.9)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	1.4	0.4	5.1	1.4	(3.7)	(78.7)
Net income (loss) from discontinued operations	-	(0.0)	0.4	0.1	(0.4)	(100.1)
GROUP NET RESULT	1.4	0.4	5.5	1.5	(4.1)	(75.0)

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	09.30.2019	12.31.2018	09.30.2018
A. Cash	137.0	91.7	93.4
B. Other cash at bank and on hand (held to maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	137.0	91.7	93.4
E. Current financial receivables	3.7	1.2	1.0
F. Current payables to banks	(7.9)	(2.1)	(7.9)
G. Current portion of non-current indebtedness	(130.3)	(59.4)	(75.5)
H. Other current financial debts	(0.1)	(0.8)	(0.5)
I. Current financial indebtedness (F) + (G) + (H)	(138.3)	(62.3)	(83.9)
J. Current financial indebtedness, net (I) + (E) + (D)	2.4	30.6	10.5
K. Non-current payables to banks	(144.1)	(117.8)	(122.2)
L. Bonds issued	(137.8)	(171.8)	(170.1)
M. Other non-current financial debts	(56.1)	(6.6)	(7.0)
N. Non-current financial indebtedness (K) + (L) + (M)	(338.0)	(296.2)	(299.3)
O. Net indebtedness (J) + (N)	(335.6)	(265.6)	(288.8)
Non-current financial receivables	7.9	5.1	2.6
Financial indebtedness, net including non-current financial receivables	(327.7)	(260.5)	(286.2)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	09.30.2019	12.31.2018	09.30.2018
SELF-FINANCING	107.2	134.4	107.1
Change in net working capital	(25.5)	(9.1)	(42.8)
Other medium/long-term assets/liabilities	1.8	8.6	4.4
CASH FLOW GENERATED BY OPERATIONS	83.5	133.9	68.7
Net decrease from sale of fixed assets	3.5	2.6	0.1
TOTAL SOURCES	87.0	136.5	68.8
Increase in intangible assets	22.7	35.5	25.2
Purchase of tangible assets	33.0	58.1	38.8
Purchase of tooling	25.8	39.2	27.4
Increase in tangible assets for right of use	9.3	-	-
TOTAL APPLICATION OF FUNDS	90.8	132.8	91.4
Exchange differences on assets/liabilities and equity	(0.5)	(0.8)	(0.1)
FREE CASH FLOW	(4.3)	2.9	(22.7)
Holding Company increases in capital	-	0.3	0.2
Increase in share capital of consolidated subsidiaries	-	0.1	0.1
Dividends paid by subsidiaries to non-controlling interests	(3.5)	-	-
Change in fair value of effective derivative instruments	-	0.2	0.2
CHANGES IN SHAREHOLDERS' EQUITY	(3.5)	0.6	0.5
Change in net financial position	(7.8)	3.5	(22.2)
Opening net financial position	(260.5)	(264.0)	(264.0)
Financial debts for right of use at January 1 ^o , 2019	(59.3)	-	-
CLOSING NET FINANCIAL POSITION	(327.7)	(260.5)	(286.2)

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The consolidated Interim financial report as at September 30, 2019, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated investee companies have been appropriately reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 2/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 “Interim financial reporting”) have not been adopted.

2. CONSOLIDATION PRINCIPLES

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used as at December 31, 2018.

3. ACCOUNTING STANDARDS APPLIED

The accounting standards applied in the preparation of the financial statements as at September 30, 2019 are the same as those applied to the financial statements as at December 31, 2018 with the exception of the new principle IFRS 16 – “Leases” applied for the first time as from 1 January 2019.

3.1 Application of new accounting standard IFRS 16

The accounting standard IFRS16 “Leases” replaces IAS 17 – “Leases”, as well as IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of

use of the asset and right to control the use of the asset underlying the agreement.

The standard introduces a single lessee accounting model for recognising and evaluating lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in assets and counterbalanced by a financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months as leases. No significant changes are introduced for lessor accounting.

As a lessee, the Group previously classified leases as operating or financial leases, assessing whether the lease transferred substantially all risks and benefits of ownership of the underlying asset. According to IFRS 16, the Group recognises the assets from the right of use and the liabilities from the lease in the statement of financial position for the majority of the leases.

The standard applies for reporting period beginning on or after 1 January 2019. Early application is only allowed for early adopters of IFRS 15 – Revenue from Contracts with Customers.

The Group applied IFRS 16 using the modified retroactive method as of first-time adoption (1 January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative data.

The Group opted to not recognise assets from right of use and liabilities from short-term leases (up to one year) for machinery, or leases of low value assets, including IT equipment. Therefore, the Group recognises lease payments relating to these leases as a cost on a straight-line basis over the lease term.

At January 1, 2019 the adoption of the new standard generated a reduction in shareholders' equity of Euro 4.8 million (net of the tax effect), additional assets from right of use and lease liabilities equal, respectively, to Euro 57.3 million and Euro 59.3 million. The differences has been recognised in retained earnings.

COMMENTS ON THE FINANCIAL STATEMENTS

ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

At December 31, 2018 the items "Assets held for sale" and "Liabilities directly related to assets held for sale" included the assets and liabilities of the Fraize plant, of the French subsidiary Sogefi Air & Cooling SAS, classified as "Assets held for the sale" and sold during the first half of 2019.

During 2019 all the information necessary to determine the economic effects relating to this discontinued activity was made available. Therefore, the operating result for the first nine months of 2019 and 2018 and the related capital gain on disposal were recorded under the item "Profit (loss) from discontinued operations, net of tax effects".

SHAREHOLDERS' EQUITY

Changes in the Group's consolidated shareholders' equity and in total shareholders' equity during the first nine months of 2019 are as follows:

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling interests	Total Group and non-controlling shareholders' equity
Balance at December 31, 2018	192.9	21.0	213.9
Adjustment on date of first adoption of IFRS 16	(4.8)	-	(4.8)
Dividends	-	(3.5)	(3.5)
Currency translation differences and other changes	0.8	0.1	0.9
Net result for the period	8.3	2.9	11.2
Balance at September 30, 2019	197.2	20.5	217.7

At September 30, 2019 **shareholders' equity** excluding minority interests amounted to Euro 197.2 million (Euro 192.9 million at December 31 2018).

REVENUE TREND

Sogefi in the first nine months of 2019 reported revenues of Euro 1,149.0 million, down by 2.2%

at constant exchange rates and by 3.2% at historical exchange rates compared to the same period of 2018, holding up better than the market, thanks to business in Europe.

REVENUES BY BUSINESS UNIT

(in millions of Euro)	09.30.2019		09.30.2018		Change	
	Amount	%	Amount	%	Amount	%
Suspensions	422.9	36.8	456.2	38.4	(33.3)	(7.3)
Filtration	408.0	35.5	407.5	34.3	0.5	0.1
Air&Cooling	320.3	27.9	325.5	27.4	(5.2)	(1.6)
Intercompany eliminations	(2.2)	(0.2)	(2.1)	(0.1)	(0.1)	1.7
TOTAL	1,149.0	100.0	1,187.1	100.0	(38.1)	(3.2)

By Business Unit, at constant exchange rates, the revenues of Suspensions declined by 4.2% (-7.3% at current exchange rates), those of Air and Cooling were down by 3.5% (-1.6% at current exchange rates) while Filtration reported growth in revenues of 1.1% (+0.1% at current exchange rates).

REVENUES BY GEOGRAPHICAL AREA

The breakdown of revenues by geographical area is as follows:

(in millions of Euro)	09.30.2019		09.30.2018		Change	
	Amount	%	Amount	%	Amount	%
Europe	705.1	61.4	716.9	60.4	(11.8)	(1.6)
South America	120.7	10.5	135.6	11.4	(14.9)	(11.0)
North America	220.8	19.2	219.7	18.5	1.1	0.5
Asia	109.1	9.5	123.8	10.4	(14.7)	(11.9)
Intercompany eliminations	(6.7)	(0.6)	(8.9)	(0.7)	2.2	23.4
TOTAL	1,149.0	100.0	1,187.1	100.0	(38.1)	(3.2)

By geographical area, revenues at constant exchange rates were down by 1.6% in Europe, by 4.2% in North America and by 13.0% in Asia, while in South America they posted a rise of +8.6%.

EMPLOYEES

	09.30.2019	12.31.2018	09.30.2018
Managers	95	107	109
Clerical staff	1,842	1,950	1,948
Blue collar workers	4,726	4,910	4,987
TOTAL	6,663	6,967	7,044

The Sogefi Group had 6,663 **employees** at September 30 2019, down from 6,967 at December 31 2018.

Milan, October 25, 2019

THE BOARD OF DIRECTORS

**DECLARATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2, LEGISLATIVE DECREE
NO. 58/1998**

Subject: Interim financial report as at September 30, 2019

The undersigned, Mr. Yann Albrand - Manager responsible for preparing the Company's financial reports -

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, October 25, 2019

SOGEFI S.p.A
(Yann Albrand)